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Dear Mr. Chairman:

As you begin your deliberations of the Administration's 1987 budget request, we thought it would be useful to share with you our sense of the relative importance of US intelligence activities.

We recognize there will be substantial pressure within the Congress to lower the President's budget request for Defense-related activities, and we fully expect to bear our fair share of the burden in tackling the difficult economic problems the nation faces. But it is important in your deliberations to fully appreciate the importance the President attaches to maintaining a strong national defense posture and the critical role intelligence plays in achieving this goal.

Despite the economic difficulties we face, the threats to our national security will not lessen in the foreseeable future. On the contrary, the threats will continue to grow in both scope and complexity. The Intelligence Community will be expected to continue to assess with high confidence potential military threats; monitor arms agreements; forewarn of impending hostilities, economic crises, and technology breakthroughs; thwart terrorist actions, international narcotics trafficking, and the theft of critical US technology; and provide timely and relevant intelligence support on a variety of other issues important to operational commanders and policymakers.

Under such circumstances, intelligence--our "eyes and ears"--truly becomes our first line of defense. Indeed, a strong national intelligence capability will become even more important if the economic situation forces significant retrenchment in our defense planning because its role as a force multiplier will become more critical. We strongly urge, therefore, that US intelligence needs be treated on their own merits; not as just an element of Defense that shares equally in the outcome of your deliberations on the Defense budget.

We will be happy to discuss this matter with you more fully if you wish.

Sincerely,

William J. Casey
Director of Central Intelligence

Caspar W. Weinberger
Secretary of Defense

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27 March 1986

*Spencer
not assessor
deep end of
Barack
arm*

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director for Intelligence

FROM: SA/DCI

SUBJECT: Meeting with Secretary and Deputy Secretary of Defense,
28 March 1986

1. You are scheduled to breakfast with Secretary of Defense Weinberger and Deputy Secretary Taft at 0745, 28 March 1986, in the DCI Dining Room.

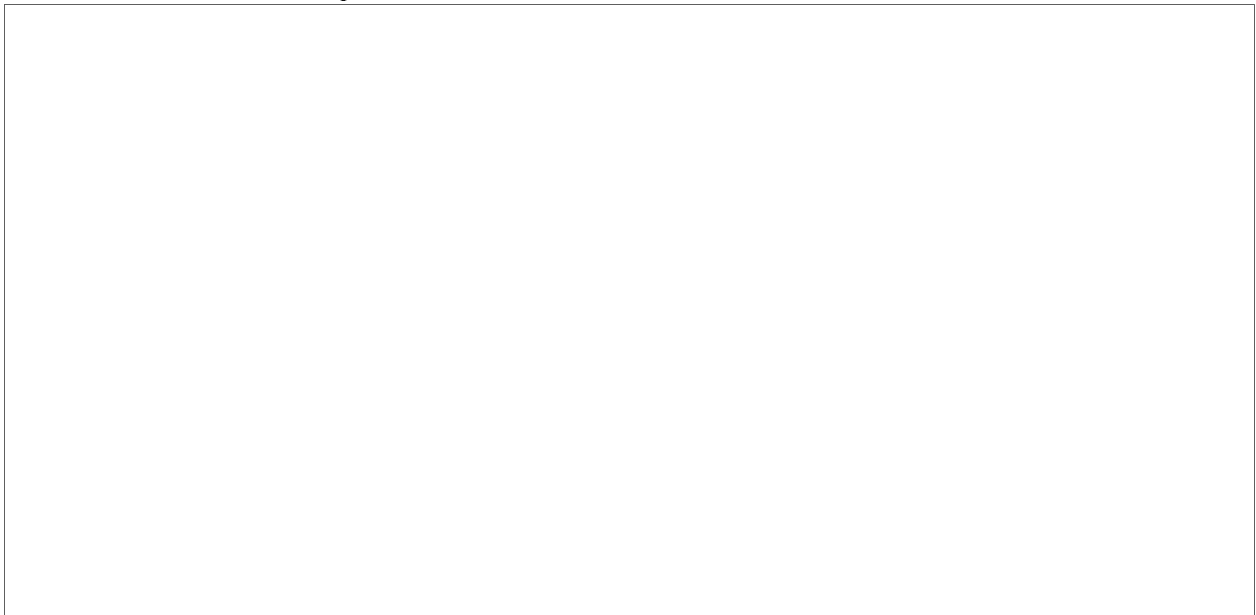
2. DoD offered no agenda items. The following are items you may wish to raise:

TAB A Libya. Attached are talking points from re the current situation vis-a-vis Libya. You may wish to raise the following with the Secretary:

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- We have reporting indicating Libyan intention to mount terrorist operations against U.S. personnel in Paris and possibly Switzerland. In addition, over the next few weeks we expect terrorist attempts against U.S. personnel/installations in two or three of the following: Khartoum, Athens, Crete, Brussels, Belgrade, Islamabad, Nicosia, Vienna, Rome and Madrid;

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TAB C Leaks Legislation. You may recall that last week the ADCI reluctantly agreed to withdraw leaks legislation from the FY 87 intelligence authorization bill because of the opposition from other agencies to our proposal (especially Justice). Dave Gries in a memo at this TAB proposes several steps to achieve progress toward obtaining leaks legislation. The first step, a letter to the Attorney General which is included at this TAB, reiterating your position on leaks legislation, has already been taken. Dave suggests as a next step that you press Adm. Poindexter for a meeting of the NSPG by mid-April to decide whether the Administration will commit to leaks legislation.

Finally, he suggests that you attempt to obtain Weinberger and Shultz's support for an NSPG meeting on this issue.

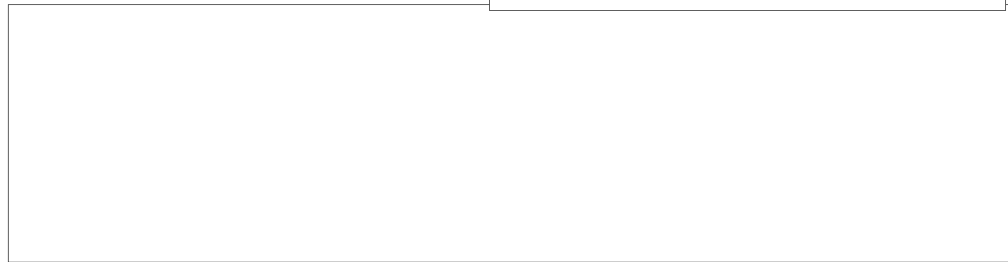
TAB D DSB Armor/Anti-Armor Study. This TAB contains a memo from D/OSWR re the Defense Science Board's summer study on armor/anti-armor, which findings were presented to the SecDef in October 1985. In November SecDef delivered implementation of DSB's recommendations (which included input from CIA). DARPA initiated a 5-year, \$560M program on 30 Jan 1986 with a call for papers to address the problem

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including the formation of a "red team" to provide Soviet material for the R&D effort. [REDACTED]

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[REDACTED] recommends that you raise the following points with Secretary Weinberger:

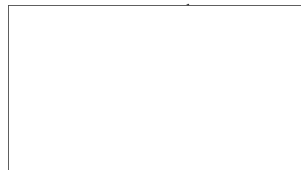
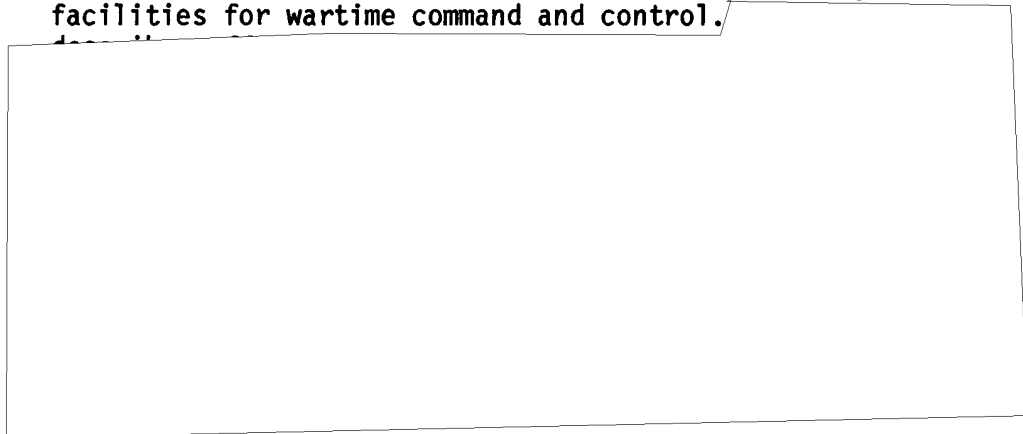
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- That any red team be composed of persons with full access to sensitive government information (NO CONTRACT);
- That CIA should have a formal role in the simulation and review of the intelligence definition of the threat;
- At a minimum a yearly report from CIA and DIA separately should be submitted to you on how well intelligence is being used in the threat definition.

TAB E

Soviet Wartime Management. At this TAB you will find a memo from NIO/SP describing developments in Soviet underground facilities for wartime command and control. [REDACTED]

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 25X1Talking Points on Libya

--Libyan intelligence officers worldwide have been ordered to foment anti-U.S. demonstrations and to arrange terrorist attacks on U.S. interests and military ships and planes. Aggressive Libyan surveillance of our diplomatic and military installations continues in a number of locations, although we expect terrorist attacks to occur primarily where aggressive, experienced Libyan intelligence operatives are posted, or where we know Libyan terrorist plans are fairly well advanced.

--We expect to see Libyan terrorist attempts against U.S. personnel and installations in at least two or three of the following places within the next few weeks: Khartoum, Athens and/or Crete, Brussels, Belgrade, Islamabad, Nicosia, Vienna, Rome and Madrid. The terrorist threat in a number of other locations is real but probably of a lesser magnitude.



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C

17 March 1986
OCA 86-0100/4

MEMORANDUM FOR: Director of Central Intelligence
FROM: Director, Office of Congressional Affairs
SUBJECT: Leaks Legislation


1. As you know, the Administration has been discussing leaks legislation for the past several years, but no consensus has been reached on the need for leaks legislation or how it should be drafted. Last week, the ADCI reluctantly agreed to withdraw leaks legislation from FY87 Intelligence Authorization Bill because of intense opposition from other agencies, especially DoJ, to our proposal. (See Letter to OMP Director Miller at Tab A)

2. It is obvious that we will make no progress toward obtaining leaks legislation until we reach a high level consensus on the need for such legislation. I believe the Agency could play a central role in forming a consensus and recommend that we take the following action forthwith:

--Enlist the Secretaries of Defense and State to support the need for leaks legislation and have them join a call for a meeting of the NSPG to decide the issue.

--Send the attached letter to the Attorney General (Tab B) reiterating your conviction that leaks legislation is needed and informing him of your intent to bring the issue up for consideration by the highest levels of the Administration.

--Press Admiral Poindexter for the meeting of the NSPG by mid-April to decide whether the Administration will commit to Leaks legislation.


David D. Gries

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Attachments:
as stated

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Central Intelligence Agency



Washington, D.C. 20505

8 March 1986

The Honorable James C. Miller III
Director
Office of Management and Budget
Washington, D.C. 20503

Mr. Miller

I know that you share my concern regarding the increasing threat to our national security posed by unauthorized disclosure of classified intelligence information. The compromise of our intelligence sources, both human and technical, has placed lives in jeopardy and rendered expensive technical collection systems ineffective. Unfortunately, we have not been able to take effective steps to punish those who have violated their obligation to protect classified information and this has created the perception that nobody cares. We simply must restore discipline to the handling of sensitive information.

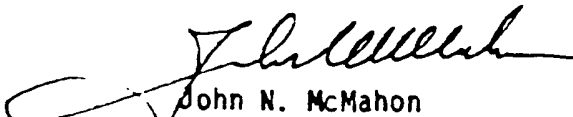
While there is no single solution to the problem of leaks, one step that can be taken is to enact legislation that would criminalize the reprehensible conduct of disclosing classified information to those outside government who are not authorized to receive it. Enactment of leaks legislation, combined with a vigorous effort to detect those who are engaged in disclosing classified information, will restore an element of risk to those who misuse classified information.

We have proposed leaks legislation as part of the draft Intelligence Authorization Bill for the past two years. Last year, objections were raised to the inclusion of leaks legislation in the Authorization Bill because the issue needed to be studied more closely and a consensus reached within the Executive Branch on whether we should attempt to enact leaks legislation. To date, I am not aware that any action has been taken to reach such a consensus.

This year we again proposed leaks legislation as part of the Authorization Bill. Once again, we were told that consideration of leaks legislation should be postponed. I do not believe we can continue to indefinitely postpone taking effective action. Too many of our nation's secrets have already been compromised to continue a business as usual attitude.

Given the exceedingly compressed time frame imposed on the authorization process by Gramm-Rudman, I do not want to jeopardize the rest of our FY 87 authorization bill because of another internal debate on this issue. Therefore, I reluctantly agree to the deletion of the leaks provisions from this year's bill. In return, I trust that OMB will support and facilitate the enactment of strong leaks legislation this year.

Sincerely,


John N. McMahon
Acting Director of Central Intelligence

Central Intelligence Agency



Washington, D.C. 20505

25 MAR 1986

The Honorable Edwin Meese, III
The Attorney General
Washington, D.C. 20530

Dear Ed:

I know that you share my concern regarding the increasing threat to our national security posed by unauthorized disclosure of classified intelligence information. The compromise of our intelligence sources, both human and technical, has placed lives in jeopardy and rendered expensive technical collection systems ineffective. Unfortunately, we have not been able to take effective steps to punish those who have violated their obligation to protect classified information and this has created the perception that nobody cares. We simply must restore discipline to the handling of sensitive information.

While there is no single solution to the problem of leaks, one step that can be taken is to enact legislation that would criminalize the reprehensible conduct of disclosing classified information to those outside the government who are not authorized to receive it. Enactment of leaks legislation, combined with a vigorous effort to detect those who are engaged in disclosing classified information, will restore an element of risk to those who misuse classified information.

We have proposed leaks legislation as part of the draft Intelligence Authorization Bill for the past two years. Last year, the Department raised objections to including leaks legislation in the Authorization Bill because the issue needed to be studied more closely and a consensus reached within the Executive Branch on whether we should attempt to enact leaks legislation. To date, I am not aware that any action has been taken to reach such a consensus.

This year we again proposed leaks legislation as part of the Authorization Bill. Once again, the Department questioned the need for the legislation and raised objections to the substance of our proposed bill. Last week, in a letter to the Director of the Office of Management and Budget, the Acting Director of Central Intelligence reluctantly agreed to the deletion of the leaks provision from the Authorization Bill.

I do not believe we can continue to indefinitely postpone taking effective action. Too many of our nation's secrets have already been compromised to continue a business as usual attitude. Because this issue can only be decided at the highest levels of the Administration, I intend to press for a meeting of the NSPG at the earliest possible date to address the question of whether the Administration is willing to work for enactment of leaks legislation. For the reasons set forth above, I am convinced that new legislation is a key first step in tackling this problem, and I hope I can count on your active support in accomplishing this goal. I am sure that we can work together to prepare effective legislation. I look forward to hearing from you on this matter in the very near future.

Sincerely,

/s/ William J. Casey

William J. Casey
Director of Central Intelligence

cc: Secretary of Defense
Secretary of State
Assistant to the President for
National Security Affairs
Director of Management and Budget

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LEG/OCA (17 March 1986)

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31 March 1986

MEMORANDUM FOR THE RECORD

SUBJECT: DCI/Secretary of Defense Breakfast -- 28 March 1986

The following subjects were discussed at the breakfast.

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4. Soviet Future Systems: The DCI informed SecDef that Poindexter had requested a briefing on Soviet future strategic systems by Larry Gershwin for the President. [REDACTED]

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5. CIA/DIA Cooperation: The DCI mentioned the fact of the joint DIA/CIA appearance at the Joint Economic Committee and also that he and General Perroots will be traveling to Europe together towards the end of next month. [REDACTED]

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6. Letter to Oversight Committees on Budget: The DCI raised the subject of a joint letter to the Committees suggesting that intelligence should be considered on its own merits, apart from the Defense budget. Both SecDef and Taft reacted very

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negatively, believing that there should be no talk of cuts in any event but that this approach would be used not only to divide the DCI and the Secretary of Defense but also that any additional funding for the NFIP would inevitably come out of DoD's hide. The Secretary suggested that the proposed letter disappear. 

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7. Nicaragua: There was considerable discussion of the vote on Nicaragua in the Senate. 

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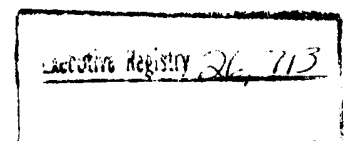
8. Armor/Anti-Armor Study: The DCI raised this subject and expressed concern about contractors not having access to all of the information we have available and the fact that contractors doing the study in effect for contractors doing the building is not a very healthy arrangement. He suggested arrangements that would include people who could have access to all the information. 

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Robert M. Gates
Deputy Director for Intelligence



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